
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 5, 2016** (December 1, 2016)



Helix Energy Solutions Group, Inc.

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction
of incorporation)

001-32936
(Commission File Number)

95-3409686
(IRS Employer Identification No.)

3505 West Sam Houston Parkway North, Suite 400
Houston, Texas
(Address of principal executive offices)

77043
(Zip Code)

281-618-0400
(Registrant's telephone number,
including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On December 1, 2016, the Compensation Committee (the "Committee") of the Board of Directors of Helix Energy Solutions Group, Inc. (the "Company") approved an amendment to the Company's 2005 Long-Term Incentive Plan, as amended (the "LTIP"), to allow, at the discretion of the Committee, share netting for taxes up to the maximum statutory tax rate. This amendment will be effective January 1, 2017. The LTIP as amended is attached as Exhibit 10.1.

The Committee on December 1, 2016 also approved a long-term incentive program for the Company's executive officers for 2017, consisting of the same elements as prior years' programs (half in time vesting restricted stock and half in cliff vesting performance share units ("PSUs")), and also determined and approved a structural change to the PSU component of the long-term incentive program for the Company's executive officers. The program has been changed from prior years to eliminate the quintile total shareholder return ("TSR") performance concept for payout (if any) of PSU awards issued under the LTIP and to include the following: (i) zero payout if the Company's TSR ranks below the 30th percentile, (ii) payout at 50% of target if the Company's TSR is at the 30th percentile, (iii) payout at 100% of target if the Company's TSR is at the 50th percentile, (iv) payout at 200% of target if the Company's TSR is at or above the 90th percentile, and (v) payout is interpolated on a linear basis if the Company's TSR is between the 30th and 90th percentiles.

In addition to abandoning the quartile concept in favor of linear interpolation, for 2017 the threshold required for any payout of PSUs was raised from the 20th percentile to the 30th percentile, and the threshold for a 200% payout was raised from the 80th percentile to the 90th percentile. Any payout of PSUs granted in 2017 is to be made solely in stock.

To reflect the above modifications, on December 1, 2016, the Committee also adopted a revised form of award agreement for the PSU grants to be issued under the LTIP. That form of award agreement will be utilized until the Committee determines otherwise and is attached as Exhibit 10.2.

Information related to the other elements of total compensation for the Company's named executive officers will be disclosed in the Company's 2017 Proxy Statement to the extent required by the rules related to proxy statements and the disclosure of executive compensation.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

<u>Number</u>	<u>Description</u>
10.1	<i>2005 Long Term Incentive Plan, as Amended and Restated Effective January 1, 2017.</i>
10.2	<i>Form of Performance Share Unit Award Agreement.</i>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 5, 2016

HELIX ENERGY SOLUTIONS GROUP,
INC.

By: /s/ Alisa B. Johnson

Alisa B. Johnson
Executive Vice President and
General Counsel

Index to Exhibits

Exhibit No.	Description
10.1	<i>2005 Long Term Incentive Plan, as Amended and Restated Effective January 1, 2017.</i>
10.2	<i>Form of Performance Share Unit Award Agreement.</i>

HELIX ENERGY SOLUTIONS GROUP, INC.
2005 LONG TERM INCENTIVE PLAN
(As Amended and Restated Effective January 1, 2017)

ARTICLE I

ESTABLISHMENT, PURPOSE AND DURATION

1.1 **Amendment and Restatement.** The Company hereby amends and restates the “Helix Energy Solutions Group, Inc. 2005 Long Term Incentive Plan,” as set forth in this document. The Plan permits the grant of Options, SARs, Restricted Stock, Restricted Stock Units, Cash Awards and Performance Awards. The Plan shall become effective on the latest of (a) the date the Plan is approved by the Board (b) the date the Plan is approved by the holders of at least a majority of the outstanding shares of voting stock of the Company and (c) if the provisions of the corporate charter, by-laws or applicable state law prescribes a greater degree of stockholder approval for this action, the approval by the holders of that percentage, at a meeting of stockholders.

1.2 **Purpose of the Plan.** The purpose of the Plan is to provide incentives to directors, corporate officers and other employees of the Company and its Affiliates by enabling them to acquire shares of common stock of the Company and to receive other compensation. based on the increase in value of the common stock of the Company or certain other performance measures. The Plan is intended to advance the best interests of the Company, its Affiliates and its stockholders by providing those persons who have substantial responsibility for the management and growth of the Company and its Affiliates with additional performance incentives and an opportunity to obtain or increase their proprietary interest in the Company, thereby encouraging them to continue in their employment with the Company and its Affiliates.

1.3 **Grants Under the Plan.** The applicable provisions of the Plan will continue in effect with respect to an Award granted under the Plan for as long as such Award remains outstanding.

ARTICLE II

DEFINITIONS

The words and phrases defined in this Article shall have the meaning set out below throughout the Plan, unless the context in which any such word or phrase appears reasonably requires a broader, narrower or different meaning.

2.1 “Affiliate” means any corporation, partnership, limited liability company or association, trust or other entity or organization which, directly or indirectly, controls, is controlled by, or is under common control with, the Company. For purposes of the preceding sentence, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any entity or organization, shall mean the possession, directly or indirectly, of the power (a) to vote more than 50 percent (50%) of the securities having ordinary voting power for the election of directors of the controlled entity or organization, or (b) to direct or cause the direction of the management and policies of the controlled entity or organization, whether through the ownership of voting securities or by contract or otherwise.

2.2 "Award" means, individually or collectively, a grant under the Plan of Options, SARs, Restricted Stock, Restricted Stock Units, Cash Awards and Performance Awards in each case subject to the terms and provisions of the Plan.

2.3 "Award Agreement" means an agreement that sets forth the terms and conditions applicable to an Award granted under the Plan.

2.4 "Board" means the board of directors of the Company.

2.5 "Cash Award" means an Award denominated in cash and granted pursuant to Article IX.

2.6 "Change in Control" has the meaning prescribed in an Award Agreement between the Company and a Holder, or, if there is no Award Agreement, means the occurrence of any of the following events: (a) there shall be consummated (i) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of the Stock would be converted into cash, securities or other property, other than a merger of the Company where a majority of the Board of the surviving corporation is, and for a two-year period after the merger continues to be, persons who were directors of the Company immediately prior to the merger or were elected as directors, or nominated for election as director, by a vote of at least two-thirds of the directors then still in office who were directors of the Company immediately prior to the merger, or (ii) any sale, lease, exchange or transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company; (b) the shareholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company; or (c) (i) any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act, other than the Company or a subsidiary thereof or any employee benefit plan sponsored by the Company or a subsidiary thereof, shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company representing 20 percent or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing in special circumstances) having the right to vote in the election of directors, as a result of a tender or exchange offer, open market purchases, privately negotiated purchases or otherwise, and (ii) at any time during a period of two years after such "person" becomes such a beneficial owner, individuals who immediately prior to the beginning of such period constituted the Board shall cease for any reason to constitute at least a majority thereof, unless the election or the nomination by the Board for election by the Company's shareholders of each new director during such period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period.

2.7 "Code" means the United States Internal Revenue Code of 1986, as amended.

2.8 "Committee" means a committee of at least two persons, who are members of the Compensation Committee of the Board and are appointed by the Compensation Committee of the Board, or, to the extent it chooses to operate as the Committee, the Compensation Committee of the Board. Each member of the Committee in respect of his or her participation in any decision with respect to an Award intended to satisfy the requirements of Section 162(m) of the Code must satisfy the requirements of "outside director" status within the meaning of Section 162(m) of the Code; provided, however, that the failure to satisfy such requirement shall not affect the validity of the action of any committee otherwise duly authorized and acting in the matter. As to Awards, grants or other transactions that are authorized by the Committee and that are intended to be exempt

under Rule 16b-3 under the Exchange Act, the requirements of Rule 16b-3(d)(1) under the Exchange Act with respect to committee action must also be satisfied. For all purposes under the Plan, the Chief Executive Officer of the Company shall be deemed to be the "Committee" with respect to Options, SARs and Restricted Stock granted by him or her pursuant to Section 4.1.

2.9 "Company" means Helix Energy Solutions Group, Inc., a Minnesota corporation, or any successor (by reincorporation, merger or otherwise).

2.10 "Corporate Change" shall have the meaning ascribed to that term in Section 4.5(c).

2.11 "Covered Employee" means any Employee who is or may be a "covered employee," as defined in Code Section 162(m).

2.12 "Disability" means as determined by the Committee in its discretion exercised in good faith, a physical or mental condition of the Holder that would entitle him or her to payment of disability income payments under the Company's long term disability insurance policy or plan for employees as then in effect; or in the event that the Holder is not covered, for whatever reason under the Company's long term disability insurance policy or plan for employees or in the event the Company does not maintain such a long term disability insurance policy, "Disability" means a permanent and total disability as defined in Section 22(e)(3) of the Code. A determination of Disability may be made by a physician selected or approved by the Committee and, in this respect, the Holder shall submit to an examination by such physician upon request by the Committee.

2.13 "Employee" means (a) a person employed by the Company or any Affiliate as a common law employee or (b) a person who has agreed to become a common law employee of the Company or any Affiliate and is expected to become such within six (6) months from the date of a determination made for purposes of the Plan.

2.14 "Exchange Act" means the United States Securities Exchange Act of 1934, as amended from time to time.

2.15 "Fair Market Value" of the Stock as of any particular date means (1) if the Stock is traded on a stock exchange, the closing sale price of the Stock on that date as reported on the principal securities exchange on which the Stock is traded, or (2) if the Stock is traded in the over-the-counter market, the average between the high bid and low asked price on that date as reported in such over-the-counter market; provided that (a) if the Stock is not so traded, (b) if no closing price or bid and asked prices for the stock was so reported on that date or (c) if, in the discretion of the Committee, another means of determining the fair market value of a share of Stock at such date shall be necessary or advisable, the Committee may provide for another means for determining such fair market value.

2.16 "Fiscal Year" means the Company's fiscal year.

2.17 "Holder" means a person who has been granted an Award or any person who is entitled to receive Shares under an Award.

2.18 "Incentive Option" means an incentive stock option that is intended to satisfy the requirements of Section 422 of the Code.

- 2.19 "Maximum Statutory Tax Rate" means the applicable maximum statutory federal, state and local tax rates in the Holder's jurisdiction (including the Holder's share of payroll and similar taxes), even if the maximum rate exceeds the highest rate that may be applicable to the specific Holder.
- 2.20 "Option" means an option to purchase Stock granted pursuant to Article V.
- 2.21 "Option Price" shall have the meaning ascribed to that term in Section 5.4.
- 2.22 "Optionee" means a person who is granted an Option under the Plan.
- 2.23 "Option Agreement" means a written contract setting forth the terms and conditions of an Option.
- 2.24 "Performance Award" means an Award made pursuant to Article X to an Employee which is subject to the attainment of one or more Performance Goals.
- 2.25 "Performance Goal" means one or more standards established by the Committee to determine in whole or in part whether a Performance Award shall be earned.
- 2.26 "Period of Restriction" means the period during which Restricted Stock is subject to a substantial risk of forfeiture (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Committee, in its discretion), as provided in Article VII.
- 2.27 "Plan" means the Helix Energy Solutions Group, Inc. 2005 Long Term Incentive Plan, as set forth in this document and as it may be amended from time to time.
- 2.28 "Qualified Performance Awards" has the meaning set forth in Section 10.3.
- 2.29 "Restricted Stock" means shares of restricted Stock issued or granted under the Plan pursuant to Article VII.
- 2.30 "Restricted Stock Award" means an authorization by the Committee to issue or transfer Restricted Stock to a Holder.
- 2.31 "Restricted Stock Unit" means a unit credited to a Holder's ledger account maintained by the Company pursuant to Article VIII.
- 2.32 "Restricted Stock Unit Award" means an Award granted pursuant to Article VII.
- 2.33 "Retirement" means retirement in accordance with the terms of a retirement plan that is qualified under Section 401(a) of the Code and maintained by the Company or an Affiliate in which the Holder is a participant.
- 2.34 "Section 409A" means Section 409A of the Code and Department of Treasury rules and regulations issued thereunder.

2.35 “Stock” means the common stock of the Company, no par value per share (or such other par value as may be designated by act of the Company’s stockholders).

2.36 “Stock Appreciation Right” or “SAR” means a right to receive a payment, in cash or shares of Stock, equal to the excess of the Fair Market Value of a specified number of shares of Stock on the date the right is exercised over a specified exercise price granted pursuant to Article VI.

2.37 “Stock Award” means an Award in the form of shares of or that may be settled in shares of Stock, including a Restricted Stock Award, a Restricted Stock Unit Award or a Performance Award, and excluding Options and SARs.

2.38 “Substantial Risk of Forfeiture” shall have the meaning ascribed to that term in Section 409A of the Code and Department of Treasury guidance issued thereunder.

2.39 “Termination of Employment” means the termination of the Award recipient’s employment relationship with the Company and all Affiliates.

ARTICLE III

ELIGIBILITY AND PARTICIPATION

3.1 **Eligibility.** The persons who are eligible to receive Awards under the Plan are Employees and directors of the Company (except that directors may not receive Awards of Incentive Options).

3.2 **Participation.** Subject to the terms and provisions of the Plan, the Committee may, from time to time, select the Employees to whom Awards shall be granted and shall determine the nature and amount of each Award.

ARTICLE IV

GENERAL PROVISIONS RELATING TO AWARDS

4.1 **Authority to Grant Awards.** The Committee may grant Awards to those Employees as the Committee shall from time to time determine, under the terms and conditions of the Plan. Subject only to any applicable limitations set out in the Plan, the number of shares of Stock or other value to be covered by any Award to be granted under the Plan shall be as determined by the Committee in its sole discretion. However, the Chief Executive Officer of the Company is authorized to grant Options, SARs, and/or Stock Awards, with respect to no more than 200,000 shares of Stock per Fiscal Year, as inducements to hire prospective Employees and/or in connection with the promotion of current Employees, in each case who will not be officers of the Company subject to the provisions of Section 16 of the Exchange Act.

4.2 **Dedicated Shares; Maximum Awards.** The aggregate number of shares of Stock with respect to which Awards may be granted under the Plan is 10,300,000. The aggregate number of shares of Stock with respect to which Incentive Options may be granted under the Plan is 2,000,000. The maximum number of shares of Stock with respect to which Awards may be granted to an Employee during a Fiscal Year is 1,000,000. The maximum value of a Cash Award to which may be granted to an Employee during a Fiscal Year is \$10,000,000. Each of the foregoing numerical limits stated in this Section 4.2 shall

be subject to adjustment in accordance with the provisions of Section 4.5. If shares of Stock are withheld from payment of an Award to satisfy tax obligations with respect to the Award, such shares of Stock will count against the aggregate number of shares of Stock with respect to which Awards may be granted under the Plan. If Shares are tendered in payment of an Option Price of an Option, such shares of Stock will not be added to the aggregate number of shares of Stock with respect to which Awards may be granted under the Plan. To the extent that any outstanding Award is forfeited or cancelled for any reason or is settled in cash in lieu of share of Stock, the shares of Stock allocable to such portion of the Award may again be subject to an Award granted under the Plan.

4.3 Non Transferability. Except as specified in the applicable Award Agreements or in domestic relations court orders, Awards shall not be transferable by the Holder other than by will or under the laws of descent and distribution, and shall be exercisable, during the Holder's lifetime, only by him or her. In the discretion of the Committee, any attempt to transfer an Award other than under the terms of the Plan and the applicable Award Agreement may terminate the Award.

4.4 Requirements of Law. The Company shall not be required to sell or issue any shares of Stock under any Award if issuing those shares of Stock would constitute or result in a violation by the Holder or the Company of any provision of any law, statute or regulation of any governmental authority. Specifically, in connection with any applicable statute or regulation relating to the registration of securities, upon exercise of any Option or pursuant to any other Award, the Company shall not be required to issue any shares of Stock unless the Committee has received evidence satisfactory to it to the effect that the Holder will not transfer the shares of Stock except in accordance with applicable law, including receipt of an opinion of counsel satisfactory to the Company to the effect that any proposed transfer complies with applicable law. The determination by the Committee on this matter shall be final, binding and conclusive. The Company may, but shall in no event be obligated to, register any shares of Stock covered by the Plan pursuant to applicable securities laws of any country or any political subdivision. In the event the shares of Stock issuable on exercise of an Option or pursuant to any other Award are not registered, the Company may imprint on the certificate evidencing the shares of Stock any legend that counsel for the Company considers necessary or advisable to comply with applicable law, or, should the shares of Stock be represented by book or electronic entry rather than a certificate, the Company may take such steps to restrict transfer of the shares of Stock as counsel for the Company considers necessary or advisable to comply with applicable law. The Company shall not be obligated to take any other affirmative action in order to cause or enable the exercise of an Option or any other Award, or the issuance of shares of Stock pursuant thereto, to comply with any law or regulation of any governmental authority.

4.5 Changes in the Company's Capital Structure.

(a) The existence of outstanding Awards shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of bonds, debentures, preferred or prior preference shares ahead of or affecting the Stock or Stock rights, the dissolution or liquidation of the Company, any sale or transfer of all or any part of its assets or business or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) If the Company shall effect a subdivision or consolidation of Stock or other capital readjustment, the payment of a Stock dividend, or other increase or reduction of the number of shares of Stock outstanding, without receiving compensation therefor in money, services or property, then (1) the number, class or series and per share price of Stock subject to outstanding Options or other Awards under the Plan shall be appropriately adjusted in such a manner as to entitle a Holder to receive upon exercise of an Option or other Award, for the same aggregate cash consideration, the equivalent total number and class or series of Stock the Holder would have received had the Holder exercised his or her Option or other Award in full immediately prior to the event requiring the adjustment, and (2) the number and class or series of Stock then reserved to be issued under the Plan shall be adjusted by substituting for the total number and class or series of Stock then reserved, that number and class or series of Stock that would have been received by the owner of an equal number of outstanding shares of Stock of each class or series of Stock as the result of the event requiring the adjustment.

(c) If while unexercised Options or other Awards remain outstanding under the Plan (1) the Company shall not be the surviving entity in any merger, consolidation or other reorganization (or survives only as a subsidiary of an entity other than an entity that was wholly-owned by the Company immediately prior to such merger, consolidation or other reorganization), (2) the Company sells, leases or exchanges or agrees to sell, lease or exchange all or substantially all of its assets to any other person or entity (other than an entity wholly-owned by the Company), (3) the Company is to be dissolved or (4) the Company is a party to any other corporate transaction (as defined under Section 424(a) of the Code and applicable Department of Treasury regulations) that is not described in clauses (1), (2) or (3) of this sentence (each such event is referred to herein as a "Corporate Change"), then, except as otherwise provided in an Award Agreement (provided that such exceptions shall not apply in the case of a reincorporation merger), or as a result of the Committee's effectuation of one or more of the alternatives described below, there shall be no acceleration of the time at which any Award then outstanding may be exercised, and no later than ten days after the approval by the stockholders of the Company of such Corporate Change, the Committee, acting in its sole and absolute discretion without the consent or approval of any Holder, shall act to effect one or more of the following alternatives, which may vary among individual Holders and which may vary among Awards held by any individual Holder (provided that, with respect to a reincorporation merger in which Holders of the Company's ordinary shares will receive one ordinary share of the successor corporation for each ordinary share of the Company, none of such alternatives shall apply and, without Committee action, each Award shall automatically convert into a similar award of the successor corporation exercisable for the same number of ordinary shares of the successor as the Award was exercisable for ordinary shares of Stock of the Company):

- (1) accelerate the time at which some or all of the Awards then outstanding may be exercised so that such Awards may be exercised in full for a limited period of time on or before a specified date (before or after such Corporate Change) fixed by the Committee, after which specified date all such Awards that remain unexercised and all rights of Holders thereunder shall terminate;
- (2) require the mandatory surrender to the Company by all or selected Holders of some or all of the then outstanding Awards held by such Holders (irrespective of whether such Awards are then exercisable under the provisions of the Plan or the applicable Award Agreement evidencing such Award) as of a date, before or after such Corporate Change, specified by the Committee, in which event the Committee shall thereupon cancel such Award and the Company shall pay to each such Holder an amount of cash per share

equal to the excess, if any, of the per share price offered to stockholders of the Company in connection with such Corporate Change over the exercise prices under such Award for such shares;

- (3) with respect to all or selected Holders, have some or all of their then outstanding Awards (whether vested or unvested) assumed or have a new award of a similar nature substituted for some or all of their then outstanding Awards under the Plan (whether vested or unvested) by an entity which is a party to the transaction resulting in such Corporate Change and which is then employing such Holder or which is affiliated or associated with such Holder in the same or a substantially similar manner as the Company prior to the Corporate Change, or a parent or subsidiary of such entity, provided that (A) such assumption or substitution is on a basis where the excess of the aggregate fair market value of the Stock subject to the Award immediately after the assumption or substitution over the aggregate exercise price of such Stock is equal to the excess of the aggregate fair market value of all Stock subject to the Award immediately before such assumption or substitution over the aggregate exercise price of such Stock, and (B) the assumed rights under such existing Award or the substituted rights under such new Award as the case may be will have the same terms and conditions as the rights under the existing Award assumed or substituted for, as the case may be;
- (4) provide that the number and class or series of Stock covered by an Award (whether vested or unvested) theretofore granted shall be adjusted so that such Award when exercised shall thereafter cover the number and class or series of Stock or other securities or property (including, without limitation, cash) to which the Holder would have been entitled pursuant to the terms of the agreement or plan relating to such Corporate Change if, immediately prior to such Corporate Change, the Holder had been the holder of record of the number of shares of Stock then covered by such Award; or
- (5) make such adjustments to Awards then outstanding as the Committee deems appropriate to reflect such Corporate Change (provided, however, that the Committee may determine in its sole and absolute discretion that no such adjustment is necessary).

In effecting one or more of alternatives in (3), (4) or (5) immediately above, and except as otherwise may be provided in an Award Agreement, the Committee, in its sole and absolute discretion and without the consent or approval of any Holder, may accelerate the time at which some or all Awards then outstanding may be exercised.

(d) In the event of changes in the outstanding Stock by reason of recapitalizations, reorganizations, mergers, consolidations, combinations, exchanges or other relevant changes in capitalization occurring after the date of the grant of any Award and not otherwise provided for by this Section 4.5, any outstanding Award and any Award Agreements evidencing such Award shall be subject to adjustment by the Committee in its sole and absolute discretion as to the number and price of Stock or other consideration subject to such Award. In the event of any such change in the outstanding Stock, the aggregate number of shares of Stock available under the Plan may be appropriately adjusted by the Committee, whose determination shall be conclusive.

(e) After a merger of one or more corporations into the Company or after a consolidation of the Company and one or more corporations in which the Company shall be the surviving corporation, each Holder shall be entitled to have his or her Restricted

Stock appropriately adjusted based on the manner in which the shares of Stock were adjusted under the terms of the agreement of merger or consolidation.

(f) The issuance by the Company of stock of any class or series, or securities convertible into, or exchangeable for, stock of any class or series, for cash or property, or for labor or services either upon direct sale or upon the exercise of rights or warrants to subscribe for them, or upon conversion or exchange of stock or obligations of the Company convertible into, or exchangeable for, stock or other securities, shall not affect, and no adjustment by reason of such issuance shall be made with respect to, the number, class or series, or price of shares of Stock then subject to outstanding Options or other Awards.

4.6 **Election Under Section 83(b) of the Code.** No Holder shall exercise the election permitted under Section 83(b) of the Code with respect to any Award without providing written notice of the election to the Vice President - Tax of the Company.

4.7 **Forfeiture for Cause.** Notwithstanding any other provision of the Plan or an Award Agreement, if the Committee finds by a majority vote that a Holder, before or after his or her Termination of Employment (a) committed a fraud, embezzlement, theft, felony or an act of dishonesty in the course of his or her employment by the Company or an Affiliate which conduct damaged the Company or an Affiliate or (b) disclosed trade secrets of the Company or an Affiliate, then as of the date the Committee makes its finding, any Awards awarded to the Holder that have not been exercised by the Holder (including all Awards that have not yet vested) will be forfeited to the Company. The findings and decision of the Committee with respect to such matter, including those regarding the acts of the Holder and the damage done to the Company, will be final for all purposes. No decision of the Committee, however, will affect the finality of the discharge of the individual by the Company or an Affiliate.

4.8 **Forfeiture Events.** The Committee may specify in an Award Agreement that the Holder's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, Termination of Employment for cause, termination of the Holder's provision of services to the Company or its Affiliates, violation of material policies of the Company and its Affiliates, breach of non-competition, confidentiality, or other restrictive covenants that may apply to the Holder, or other conduct by the Holder that is detrimental to the business or reputation of the Company and its Affiliates.

ARTICLE V

OPTIONS

5.1 **Authority to Grant Options.** Subject to the terms and provisions of the Plan, the Committee, at any time, and from time to time, may grant Options under the Plan to eligible persons in such number and upon such terms as the Committee shall determine.

5.2 **Type of Options Available.** Options granted under the Plan may consist of nonqualified stock options that are not intended to satisfy the requirements of Section 422 of the Code and Incentive Options.

5.3 **Option Agreement.** Each Option grant under the Plan shall be evidenced by an Option Agreement that shall specify (a) the Option Price, (b) the duration of the Option, (c) the number of shares of Stock to which the Option pertains, (d) the exercise restrictions applicable to the Option, and (e) such other provisions as the Committee shall determine that are not inconsistent with the terms and provisions of the Plan. Unless the Option Agreement specifies a shorter general term, an Option shall expire on the tenth anniversary of the date the Option is granted. Options may not include provisions that “reload” the Option upon exercise.

5.4 **Option Price.** The price at which shares of Stock may be purchased under an Option (the “Option Price”) shall not be less than 100 percent (100%) of the Fair Market Value of the shares of Stock on the date the Option is granted. Subject to the limitation set forth in the preceding sentence of this Section 5.4, the Committee shall determine the Option Price for each grant of an Option under the Plan. Except as provided in Section 4.5 (in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares)), the terms of outstanding Options may not be amended to reduce the Option Price of outstanding Options or cancel outstanding Options in exchange for cash, other Awards or new Options with an Option Price that is less than the Option Price of the original Options without shareholder approval.

5.5 **Exercise of Options.** The Option Price shall be paid in full at the time of exercise in cash or, if permitted by the Committee and elected by the Optionee, the Optionee may purchase such shares by means of the Company withholding shares of Stock otherwise deliverable on exercise of the Award or tendering shares of Stock valued at Fair Market Value on the date of exercise, or any combination thereof. The Committee, in its sole discretion, shall determine acceptable methods for Optionee to tender shares of Stock or other Awards. The Committee may provide for procedures to permit the exercise or purchase of such Awards by use of the proceeds to be received from the sale of shares of Stock issuable pursuant to an Award (including cashless exercise procedures approved by the Committee involving a broker or dealer approved by the Committee). The Committee may adopt additional rules and procedures regarding the exercise of Options from time to time, provided that such rules and procedures are not inconsistent with the provisions of this Section 5.5.

5.6 **Transferability of Options.** No Option granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in an Optionee’s Option Agreement, all Options granted to an Optionee under the Plan shall be exercisable during his or her lifetime only by such Optionee. Any attempted assignment of an Option in violation of this Section 5.6 shall be null and void.

5.7 **No Rights as Stockholder.** An Optionee shall not have any rights as a stockholder with respect to Stock covered by an Option until he or she exercises the Option; and, except as otherwise provided in Section 4.5, no adjustment for dividends, or otherwise, shall be made if the record date therefor is prior to the date of such exercise.

ARTICLE VI

STOCK APPRECIATION RIGHTS

The Committee may make Awards of SARs to eligible persons selected by it. The exercise price for an SAR shall not be less than the Fair Market Value of the Stock on the grant date. The holder of a tandem SAR may elect to exercise either the Option or the SAR, but not both. The exercise period for a SAR shall extend no more than 10 years after date the SAR is granted. SARs may not include provisions that "reload" the SAR upon exercise. Subject to the foregoing provisions, the terms, conditions, and limitations applicable to any SAR, including, but not limited to, the term of any SAR and the date or dates upon which the SAR becomes vested and exercisable, shall be determined by the Committee. Except as provided in Section 4.5, the Committee shall not directly or indirectly lower the exercise price of a previously granted SAR.

ARTICLE VII

RESTRICTED STOCK AWARDS

7.1 **Restricted Stock Awards.** The Committee may make Awards of Restricted Stock to eligible persons selected by it. The amount of, the vesting and the transferability restrictions applicable to any Restricted Stock Award shall be determined by the Committee in its sole discretion. If the Committee imposes vesting or transferability restrictions on a Holder's rights with respect to Restricted Stock, the Committee may issue such instructions to the Company's share transfer agent in connection therewith as it deems appropriate. The Committee may also cause the certificate for Shares issued pursuant to a Restricted Stock Award to be imprinted with any legend which counsel for the Company considers advisable with respect to the restrictions or, should the Shares be represented by book or electronic entry rather than a certificate, the Company may take such steps to restrict transfer of the Shares as counsel for the Company considers necessary or advisable to comply with applicable law.

7.2 **Restricted Stock Award Agreement.** Each Restricted Stock Award shall be evidenced by an Award Agreement that contains any vesting, transferability restrictions and other provisions not inconsistent with the Plan as the Committee may specify.

7.3 **Holder's Rights as Stockholder.** Subject to the terms and conditions of the Plan, each recipient of a Restricted Stock Award shall have all the rights of a stockholder with respect to the shares of Restricted Stock included in the Restricted Stock Award during the Period of Restriction established for the Restricted Stock Award. Dividends paid with respect to Restricted Stock in cash or property other than shares of Stock or rights to acquire shares of Stock shall be paid to the recipient of the Restricted Stock Award currently. Dividends paid in shares of Stock or rights to acquire shares of Stock shall be added to and become a part of the Restricted Stock. During the Period of Restriction, (i) shares of Stock subject to a Restricted Stock Award shall be evidenced by book entry registration or in such other manner as the Committee may determine and (ii) the certificates evidencing the shares of such Restricted Stock (to the extent that such shares are so evidenced) shall contain appropriate legends and restrictions that describe the terms and conditions of the restrictions applicable thereto.

ARTICLE VIII

RESTRICTED STOCK UNIT AWARDS

8.1 **Authority to Grant Restricted Stock Unit Awards.** Subject to the terms and provisions of the Plan, the Committee, at any time, and from time to time, may grant Restricted Stock Unit Awards under the Plan to eligible persons in such amounts and upon such terms as the Committee shall determine. The amount of the vesting and the transferability restrictions applicable to any Restricted Stock Unit Award shall be determined by the Committee in its sole discretion. The Company shall maintain a bookkeeping ledger account which reflects the number of Restricted Stock Units credited under the Plan for the benefit of a Holder.

8.2 **Restricted Stock Unit Awards.** A Restricted Stock Unit Award shall be similar in nature to Restricted Stock Award except that no shares of Stock are actually transferred to the Holder until a later date specified in the applicable Award Agreement. Each Restricted Stock Unit shall have a value equal to the Fair Market Value of a share of Stock.

8.3 **Restricted Stock Unit Award Agreement.** Each Restricted Stock Unit Award shall be evidenced by an Award Agreement that contains any Substantial Risk of Forfeiture, transferability restrictions, form and time of payment provisions and other provisions not inconsistent with the Plan as the Committee may specify.

8.4 **Form of Payment Under Restricted Stock Unit Award.** Payment under a Restricted Stock Unit Award shall be made in either cash or shares of Stock as specified in the Holder's Award Agreement.

8.5 **Time of Payment Under Restricted Stock Unit Award.** A Holder's payment under a Restricted Stock Unit Award shall be made at such time as is specified in the Holder's Award Agreement. The Award Agreement shall specify that the payment will be made (1) by a date that is no later than the date that is two and one-half (2-1/2) months after the end of the Fiscal Year in which the Restricted Stock Unit Award payment is no longer subject to a Substantial Risk of Forfeiture or (2) at a time that is permissible under Section 409A.

8.6 **Holder's Rights as Stockholder.** A Holder of a Restricted Stock Unit Award shall have no rights of a stockholder with respect to the Restricted Stock Unit Award. A Holder shall have no voting rights with respect to any Restricted Stock Unit Award.

8.7 **Compliance With Section 409A.** Restricted Stock Unit Awards shall be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A.

ARTICLE IX

CASH AWARDS

An Award may be in the form of a Cash Award. The terms, conditions and limitations applicable to a Cash Award, including, but not limited to, vesting or other restrictions, shall be determined by the Committee.

ARTICLE X

PERFORMANCE AWARDS

10.1 **Performance Awards.** Without limiting the type or number of Awards that may be made under the other provisions of this Plan, an Employee Award may be in the form of a Performance Award. The terms, conditions and limitations applicable to an Award that is a Performance Award shall be determined by the Committee. The Committee shall set Performance Goals in its discretion which, depending on the extent to which they are met, will determine the value and/or amount of Performance Awards that will be paid out to the Holder and/or the portion of an Award that may be exercised.

10.2 **Nonqualified Performance Awards.** Performance Awards granted to Holders that are not intended to qualify as qualified performance-based compensation under Code Section 162(m) shall be based on achievement of such Performance Goals and be subject to such terms, conditions and restrictions as the Committee or its delegate shall determine.

10.3 **Qualified Performance Awards.** Performance Awards granted to Employees under this Plan that are intended to qualify as qualified performance-based compensation under Code Section 162(m) shall be paid, vested or otherwise deliverable solely on account of the attainment of one or more pre-established, objective Performance Goals established by the Committee prior to the earlier to occur of (1) 90 days after the commencement of the period of service to which the Performance Goal relates and (2) the lapse of 25% of the period of service (as scheduled in good faith at the time the goal is established), and in any event while the outcome is substantially uncertain. A Performance Goal is objective if a third party having knowledge of the relevant facts could determine whether the goal is met. One or more of such goals may apply to the Employee, one or more business units, divisions or sectors of the Company, or the Company as a whole, and if so desired by the Committee, by comparison with a peer group of companies. A Performance Goal shall include one or more of the following: earnings before interest, taxes, depreciation, amortization and exploration expenses (EBITDAX), capital management, term of service, return on capital employed, revenue growth, market share, margin growth, return on equity, total stockholder return, increase in net after-tax earnings per share, market price per share, growth in market price per share, increase in operating pre-tax earnings, operating profit or improvements in operating profit, improvements in certain asset or financial measures (including working capital and the ratio of revenues to working capital), credit quality, expense ratios, pre-tax earnings or variations of income criteria in varying time periods and economic value added.

Unless otherwise stated, such a Performance Goal need not be based upon an increase or positive result under a particular business criterion and could include, for example, maintaining the status quo or limiting economic losses (measured, in each case, by reference to specific business criteria). In interpreting Plan provisions applicable to Qualified Performance Awards, it is the intent of this Plan to conform with the standards of Code Section 162(m) and Treasury Regulation § 1.162-27(e)(2)(i), as to grants to Covered Employees and the Committee in establishing such goals and interpreting this Plan shall be guided by such provisions. Prior to the payment of any compensation based on the achievement of Performance Goals applicable to Qualified Performance Awards, the Committee must certify in writing that applicable Performance Goals and any of the material terms thereof were, in fact, satisfied. For this purpose, approved minutes of the Committee meeting in which the certification is made shall be treated as such written

certification. Subject to the foregoing provisions, the terms, conditions and limitations applicable to any Qualified Performance Awards made pursuant to this Plan shall be determined by the Committee. The Committee may provide in any such Performance Award that any evaluation of performance may include or exclude any of the following events that occurs during a Performance Period: (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year, (f) acquisitions or divestitures, (g) foreign exchange gains and losses and (h) settlement of hedging activities.

10.4 **Adjustment of Performance Awards.** Awards that are intended to qualify as Performance Awards may not be adjusted upward. The Committee may retain the discretion to adjust such Performance Awards downward, either on a formula or discretionary basis or any combination, as the Committee determines.

ARTICLE XI

ADMINISTRATION

11.1 **Awards.** The Plan shall be administered by the Committee or, in the absence of the Committee, the Plan shall be administered by the Board. The members of the Committee shall serve at the discretion of the Board. The Committee shall have full and exclusive power and authority to administer the Plan and to take all actions that the Plan expressly contemplates or are necessary or appropriate in connection with the administration of the Plan with respect to Awards granted under the Plan.

11.2 **Minimum Vesting of Stock Awards.** Any Stock Award granted to an Employee that (a) is not a Performance Award shall have a minimum vesting period of three years from the date of grant or (b) is a Performance Award shall have a minimum performance period of one year from the date of grant; provided, however, that (1) the Committee may provide for earlier vesting upon an Employee's termination of employment by reason of death, Disability or Change in Control and (2) vesting of a Stock Award may occur incrementally over the three-year vesting period or one-year minimum performance period, as applicable. The foregoing notwithstanding, 5% of the total number of shares of Stock available for issuance under this Plan shall not be subject to the minimum vesting period or performance period, as applicable, described in the preceding sentence.

11.3 **Authority of the Committee.** The Committee shall have full and exclusive power to interpret and apply the terms and provisions of the Plan and Awards made under the Plan, and to adopt such rules, regulations and guidelines for implementing the Plan as the Committee may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of the Plan. A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the vote of a majority of those members present at any meeting shall decide any question brought before that meeting. Any decision or determination reduced to writing and signed by a majority of the members shall be as effective as if it had been made by a majority vote at a meeting properly called and held. All questions of interpretation and application of the Plan, or as to award granted under the Plan, shall be subject to the determination, which shall be final and binding, of a majority of the whole Committee. No

member of the Committee shall be liable for any act or omission of any other member of the Committee or for any act or omission on his or her own part, including but not limited to the exercise of any power or discretion given to him or her under the Plan, except those resulting from his or her own gross negligence or willful misconduct. In carrying out its authority under the Plan, the Committee shall have full and final authority and discretion, including but not limited to the following rights, powers and authorities, to:

- (a) determine the persons to whom and the time or times at which Awards will be made;
- (b) determine the number and exercise price of shares of Stock covered in each Award, subject to the terms and provisions of the Plan;
- (c) determine the terms, provisions and conditions of each Award, which need not be identical and need not match the default terms set forth in the Plan;
- (d) accelerate the time at which any outstanding Award will vest;
- (e) prescribe, amend and rescind rules and regulations relating to administration of the Plan; and
- (f) make all other determinations and take all other actions deemed necessary, appropriate or advisable for the proper administration of the Plan.

The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Award to a Holder in the manner and to the extent the Committee deems necessary or desirable to further the Plan's objectives. Further, the Committee shall make all other determinations that may be necessary or advisable for the administration of the Plan. The Committee may delegate to the Chief Executive Officer and to other employees of the Company its administrative duties under this Plan (excluding its granting authority for Awards, other than pursuant to the specific authorization described in Section 4.1) pursuant to such conditions or limitations as the Committee may establish. The Committee may engage or authorize the engagement of a third party administrator to carry out administrative functions under the Plan.

The actions of the Committee in exercising all of the rights, powers, and authorities set out in this Article XI and all other Articles of the Plan, when performed in good faith and in its sole judgment, shall be final, conclusive and binding on all persons. The Committee may employ attorneys, consultants, accountants, agents, and other persons, any of whom may be an Employee, and the Committee, the Company, and its officers and Board shall be entitled to rely upon the advice, opinions, or valuations of any such persons.

11.4 Decisions Binding. All determinations and decisions made by the Committee or the Board, as the case may be, pursuant to the provisions of the Plan and all related orders and resolutions of the Committee or the Board, as the case may be, shall be final, conclusive and binding on all persons, including the Company, its stockholders, Employees, Holders and the estates and beneficiaries of Employees and Holders.

11.5 No Liability. Under no circumstances shall the Company, the Board or the Committee incur liability for any indirect, incidental, consequential or special damages (including lost profits) of any form incurred by any person, whether or not foreseeable and regardless of the form of the act in which such a claim may be brought, with respect to the Plan or the Company's, the Committee's or the Board's roles in connection with the Plan.

ARTICLE XII

AMENDMENT OR TERMINATION OF PLAN

12.1 **Amendment, Modification, Suspension, and Termination.** Subject to Section 12.2 the Committee may, at any time and from time to time, alter, amend, modify, suspend, or terminate the Plan and any Award Agreement in whole or in part; provided, however, that, without the prior approval of the Company's stockholders and except as provided in Section 4.5, the Committee shall not directly or indirectly lower the Option Price of a previously granted Option, and no amendment of the Plan shall be made without stockholder approval if stockholder approval is required by applicable law or stock exchange rules.

12.2 **Awards Previously Granted.** Notwithstanding any other provision of the Plan to the contrary, no termination, amendment, suspension, or modification of the Plan or an Award Agreement shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Holder holding such Award.

ARTICLE XIII

MISCELLANEOUS

13.1 **Unfunded Plan/No Establishment of a Trust Fund.** Holders shall have no right, title, or interest whatsoever in or to any investments that the Company or any of its Affiliates may make to aid in meeting obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Holder, beneficiary, legal representative, or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts, except as expressly set forth in the Plan. No property shall be set aside nor shall a trust fund of any kind be established to secure the rights of any Holder under the Plan. All Holders shall at all times rely solely upon the general credit of the Company for the payment of any benefit which becomes payable under the Plan. The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended.

13.2 **No Employment Obligation.** The granting of any Award shall not constitute an employment contract, express or implied, nor impose upon the Company or any Affiliate any obligation to employ or continue to employ, or utilize the services of, any Holder. The right of the Company or any Affiliate to terminate the employment of any person shall not be diminished or affected by reason of the fact that an Award has been granted to him or her, and nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company or its Affiliates to terminate any Holder's employment at any time or for any reason not prohibited by law.

13.3 Tax Withholding. The Company or any Affiliate shall be entitled to deduct from other compensation payable to each Holder any sums required by federal, state or local tax law to be withheld with respect to the vesting or exercise of an Award or lapse of restrictions on an Award. In the alternative, the Company may require the Holder (or other person validly exercising the Award) to pay such sums for taxes directly to the Company or any Affiliate in cash or by check within one day after the date of vesting, exercise or lapse of restrictions. In the discretion of the Committee, and with the consent of the Holder, the Company may reduce the number of shares of Stock issued to the Holder upon such Holder's exercise of an Option to satisfy the tax withholding obligations of the Company or an Affiliate; provided that the Fair Market Value of the shares of Stock held back does not exceed the amount that would be withheld if the Maximum Statutory Tax Rate were used as the applicable tax withholding rate. The Committee may, in its discretion, permit a Holder to satisfy any tax withholding obligations of the Company or an Affiliate arising upon the vesting of Restricted Stock by delivering to the Holder of the Restricted Stock Award a reduced number of shares of Stock in the manner specified herein. If permitted by the Committee and acceptable to the Holder, at the time of vesting of shares of Restricted Stock, the Company shall (a) calculate the amount of the Company's or an Affiliate's Maximum Statutory Tax Rate on the assumption that all such shares of vested Restricted Stock are made available for delivery, (b) reduce the number of such shares of Stock made available for delivery so that the Fair Market Value of the shares of Stock withheld on the vesting date approximates no more than the Maximum Statutory Tax Rate and (c) in lieu of the withheld shares of Stock, remit cash to the United States Treasury and other applicable governmental authorities, on behalf of the Holder, in the Fair Market Value of the withheld shares of Stock. The Company shall withhold only whole shares of Stock pursuant to this Section 13.3. Where the Fair Market Value of the withheld shares of Stock does not equal the amount of the Company's or its Affiliate's tax withholding obligation arising with respect to the vesting or exercise of an Award or lapse of restrictions on an Award, the Holder must satisfy the Company's remaining tax withholding obligation in some other manner permitted under this Section 13.3. The withheld shares of Stock not made available for delivery by the Company shall be retained by the Company or will be cancelled and, in either case, the Holder's right, title and interest in such shares of Stock shall terminate. The Company shall have no obligation upon the vesting or exercise of an Award or lapse of restrictions on an Award until the Company or an Affiliate has received payment sufficient to cover the Company's tax withholding obligation with respect to that vesting, exercise or lapse of restrictions. Neither the Company nor any Affiliate shall be obligated to advise a Holder of the existence of the tax or the amount which it will be required to withhold.

13.4 Written Agreement. Each Award shall be embodied in a written agreement or statement which shall be subject to the terms and conditions of the Plan. The Award Agreement shall be signed by a member of the Committee on behalf of the Committee and the Company or by an executive officer of the Company, other than the Holder, on behalf of the Company, and may be signed by the Holder to the extent required by the Committee. The Award Agreement may specify the effect of a Change in Control on the Award. The Award Agreement may contain any other provisions that the Committee in its discretion shall deem advisable which are not inconsistent with the terms and provisions of the Plan.

13.5 Indemnification of the Committee. The Company shall indemnify each present and future member of the Committee against, and each member of the Committee shall be entitled without further action on his or her part to indemnity from the Company for, all expenses (including attorney's fees, the amount of judgments and the amount of approved settlements made with a view to the curtailment of costs of litigation, other than amounts paid to the Company itself) reasonably incurred by such member in connection

with or arising out of any action, suit or proceeding in which such member may be involved by reason of such member being or having been a member of the Committee, whether or not he or she continues to be a member of the Committee at the time of incurring the expenses, including, without limitation, matters as to which such member shall be finally adjudged in any action, suit or proceeding to have been negligent in the performance of such member's duty as a member of the Committee. However, this indemnity shall not include any expenses incurred by any member of the Committee in respect of matters as to which such member shall be finally adjudged in any action, suit or proceeding to have been guilty of gross negligence or willful misconduct in the performance of his or her duty as a member of the Committee. In addition, no right of indemnification under the Plan shall be available to or enforceable by any member of the Committee unless, within 60 days after institution of any action, suit or proceeding, such member shall have offered the Company, in writing, the opportunity to handle and defend same at its own expense. This right of indemnification shall inure to the benefit of the heirs, executors or administrators of each member of the Committee and shall be in addition to all other rights to which a member of the Committee may be entitled as a matter of law, contract or otherwise.

13.6 **Gender and Number.** If the context requires, words of one gender when used in the Plan shall include the other and words used in the singular or plural shall include the other.

13.7 **Severability.** In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

13.8 **Headings.** Headings of Articles and Sections are included for convenience of reference only and do not constitute part of the Plan and shall not be used in construing the terms and provisions of the Plan.

13.9 **Other Compensation Plans.** The adoption of the Plan shall not affect any other option, incentive or other compensation or benefit plans in effect for the Company or any Affiliate, nor shall the Plan preclude the Company from establishing any other forms of incentive compensation arrangements for Employees.

13.10 **Other Awards.** The grant of an Award shall not confer upon the Holder the right to receive any future or other Awards under the Plan, whether or not Awards may be granted to similarly situated Holders, or the right to receive future Awards upon the same terms or conditions as previously granted.

13.11 **Successors.** All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result, of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

13.12 **Law Limitations/Governmental Approvals.** The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

13.13 **Delivery of Title.** The Company shall have no obligation to issue or deliver evidence of title for shares of Stock issued under the Plan prior to:

- (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
- (b) completion of any registration or other qualification of the Stock under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable.

13.14 **Inability to Obtain Authority.** The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares of Stock hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such shares of Stock as to which such requisite authority shall not have been obtained.

13.15 **No Fractional Shares.** No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, additional Awards, or other property shall be issued or paid in lieu of fractional shares of Stock or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

13.16 **Waiver of Jury.** Each Award Agreement shall specify that the Award recipient and the Company shall both waive a trial by jury of any or all issues arising in any action or proceeding between the parties or their successors, heirs and assigns, under or connected with the Award, the Plan, or any of the provisions of the Award Agreement or the Plan.

13.17 **Governing Law.** The provisions of the Plan and the rights of all persons claiming thereunder shall be construed, administered and governed under the laws of the State of Texas, without regard to principles of conflicts of law.

13.18 **Compliance With Section 409A.** Awards shall be designed, granted and administered in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A. Each Award Agreement for an Award that is intended to comply with the requirements of Section 409A shall be construed and interpreted in accordance with such intention. If the Committee determines that an Award, Award Agreement, payment, distribution, deferral election, transaction, or any other action or arrangement contemplated by the provisions of the Plan would, if undertaken or implemented, cause a Holder to become subject to additional taxes under Section 409A, then unless the Committee specifically provides otherwise, such Award, Award Agreement, payment, distribution, deferral election, transaction or other action or arrangement shall not be given effect to the extent it causes such result and the related provisions of the Plan and/or Award Agreement will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Section 409A to the extent determined appropriate by the Committee, in each case without the consent of or notice to the Holder. The exercisability of an Option shall not be extended to the extent that such extension would subject the Holder to additional taxes under Section 409A.

PERFORMANCE SHARE UNIT AWARD AGREEMENT
Helix Energy Solutions Group, Inc.
2005 Long-Term Incentive Plan
(As Amended and Restated Effective January 1, 2017)

This Performance Share Unit Award Agreement (the "Agreement") is made by and between Helix Energy Solutions Group, Inc. (the "Company" or "Helix") and _____ (the "Employee") effective as of January ____, 2017 ("Grant Date"), pursuant to the *Helix Energy Solutions Group, Inc. 2005 Long-Term Incentive Plan (As Amended and Restated Effective May 9, 2012)* (the "Plan"), which is incorporated by reference herein in its entirety.

WHEREAS, the Company desires to grant to the Employee the performance share units specified herein (the "Units"), subject to the terms and conditions of the Plan and the terms and conditions of this Agreement; and

WHEREAS, the Employee desires to be granted the Units subject to the terms and conditions of this Agreement and the Plan;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. The Plan. The Plan, a copy of which has been made available to the Employee, is incorporated by reference and made a part of this Agreement as if fully set forth herein. This Agreement uses a number of defined terms that are defined in the Plan or in the body of this Agreement. These defined terms are capitalized wherever they are used.

2. Award.

(a) The Compensation Committee of the Board of Directors of the Company (the "Committee") has awarded to the Employee, and on the Grant Date, the Company hereby grants to the Employee, _____ Units, which constitute Restricted Stock Units under the Plan and which are subject to the terms and conditions of this Agreement and the Plan. The Employee has the opportunity to earn up to 200% of the _____ Units granted hereby based upon the performance criteria described in Section 2(c) and subject to satisfaction of the Threshold Goal described in Section 2(b).

(b) None of the Units granted hereby shall vest, and all such Units shall be cancelled and forfeited, unless the Company has positive EBITDA (as defined below) for one calendar quarter occurring during the Performance Period (as defined below), and with respect to the calendar quarter in which the Grant Date occurs, no more than 25% of such quarter has elapsed prior to the Grant Date (the "Threshold Goal"). If the Committee, in its sole discretion, determines that the Company has attained the Threshold Goal, the Committee shall certify such achievement in writing as soon as reasonably practicable but no later than the March 15th immediately following the end of the Performance Period. For purposes of this Agreement, "EBITDA" means, for the relevant period, net income from continuing operations plus income taxes, depreciation and amortization expense, and net interest expense and other. Provided that the Threshold

Goal has been attained, depending on the Company's achievement of the performance goals specified in Section 2(c) during the three-year period beginning January 1, 2017 and ending December 31, 2019 (the "Performance Period"), the Employee shall be entitled to a payment equal to the value of the Units determined pursuant to Section 2(d) if, except as otherwise provided in Section 3, the Employee remains actively employed with the Company and/or its Affiliate(s) through the end of the Performance Period.

(c) The amount paid with respect to the Units shall be based upon the Company's Total Shareholder Return ("TSR") relative to the TSR of the Company's "Peer Group" listed on Schedule A attached hereto, and shall be equal to the product of the Units awarded (as described in Section 2(a)) multiplied by the Adjustment Factor. The TSR of the Company and of the Peer Group shall be calculated and certified by the Committee. The percentile ranking of the Company's TSR as compared to the TSR of each entity in the Peer Group shall determine the Adjustment Factor using the chart below. The Adjustment Factor for performance rankings between points on this chart shall be determined by linear interpolation between the values listed. In no event shall the Adjustment Factor exceed 200%. If the performance ranking is below the 30th percentile, the Adjustment Factor shall be zero:

Helix's Performance Ranking	Adjustment Factor
90 th percentile or above	200%
70 th percentile	150%
50 th percentile ("Target")	100%
30 th percentile	50%
Below 30 th percentile	0%

"Total Shareholder Return" or "TSR" = (Ending Stock Price - Beginning Stock Price + Dividends, if any, paid over the Performance Period)/Beginning Stock Price.

Ending and Beginning Stock Price = the average Stock Price for the 20 trading days prior to the ending and beginning dates of the Performance Period.

Stock Price = the closing price for the day as reported on the applicable exchange or market.

TSR of the Company or any member of the Peer Group shall be equitably adjusted to reflect any spin off, stock split, reverse stock split, stock dividend, recapitalization, or reclassification or other similar change in the number of outstanding shares of common stock.

(d) The amount payable to the Employee pursuant to this Agreement, if any, in respect of the Units earned shall be paid in shares of Stock of the Company with one share of Stock to be issued for each Unit earned. Any Units payable to the Employee shall be calculated by multiplying the number of Units awarded to the Employee by the Adjustment Factor set forth above for the level of achievement of the performance criteria set forth in Section 2(c). By way of example, if the Company's TSR was at the 80th percentile, 175% of the Units would be payable to the Employee.

(e) Except as provided in Section 3(b), payment of amounts due shall be made on the March 15 immediately following the end of the Performance Period.

3. Early Termination; Change of Control.

(a) In the event of the Employee's termination of employment prior to the end of the Performance Period due to (i) death, (ii) disability (within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code") ("Disability"), or (iii) Retirement (as hereinafter defined), the Employee shall vest in a number of Units determined by multiplying the number of Units granted by a fraction, the numerator of which is the number of full months between the beginning of the Performance Period and the date of termination due to death, Disability or Retirement and the denominator of which is thirty-six (36). The Committee shall determine the number of Units vested and the amount to be paid to the Employee or his or her estate in accordance with Section 2(e) based on the TSR performance for the entire Performance Period. As used herein, "Retirement" is defined as the voluntary termination of employment at or after age 55 with at least five years of service and the Employee not, at any time on or before the date that is two years following termination of employment, accepting employment with, acquiring a 5% or more equity or participation interest in, serving as a consultant, advisor, director or agent of, directly or indirectly soliciting or recruiting any employee of the Company who was employed at any time during Employee's service with the Company, or otherwise assisting in any other capacity or manner any company or enterprise that is directly or indirectly in competition with or acting against the interests of the Company or any of its lines of business, except for any service or assistance that is provided at the request or with the written permission of the Company. Any accelerated vesting pursuant to this Section 3(a) (i) due to the Employee's Retirement shall be contingent upon achievement of the Threshold Goal, and (ii) shall not affect the time of payment under this Agreement.

(b) In the event of a Change of Control during the Performance Period, the Employee shall vest in all of the Units granted to the Employee under this Agreement. The amount paid with respect to the Units will be determined based on the TSR performance criteria as set forth in Section 2(c); however, the Total Shareholder Return of the Company and the Peer Group will be determined over an adjusted performance period, defined as the period beginning on the original beginning date of the Performance Period and ending on the effective date of the Change of Control. If the award is payable in cash, the cash value payable shall be determined by multiplying the number of Units payable by the Fair Market Value of a share of Stock on the date of the Change of Control. Payment shall be made to the Employee upon the date of the Change of Control. Notwithstanding the foregoing, if the Change of Control does not qualify as a "change in control event" under Department of Treasury Regulation section 1.409A-3(i)(5)(i), then payment shall be made at the time specified in Section 2(e).

(c) The Units may also vest under circumstances provided in any employment agreement between the Employee and the Company or other severance arrangements established by the Company. If the Employee is a party to an employment and/or severance agreement with the Company or a participant in a severance plan of the Company that provides for accelerated vesting of restricted stock units that were scheduled to vest within a specified period, the Units will remain subject to achievement of the Threshold Goal and will be treated as scheduled to vest within such specified period if the Performance Period for such Units is scheduled to end within such specified period and the Company's TSR for the Performance Period results in a payout for the Units in

accordance with the criteria set forth in Section 2(c). By way of example, if an Employee's employment is terminated by the Company under circumstances that would entitle the Employee to the acceleration of vesting of restricted stock units that are scheduled to vest within the next twelve months and the Employee holds Units with a Performance Period ending within the next twelve months with respect to which the Threshold Goal (if any) has been achieved, the Employee would receive a payout for those Units in accordance with the terms of this Agreement based on the Company's TSR for the Performance Period. Any accelerated vesting pursuant to this Section 3(c) shall not affect the time of payment under this Agreement.

4. Tax Withholding. To the extent that the receipt or payout of the Units results in income to the Employee for federal, state or local income or employment tax purposes with respect to which the Company or any of its Affiliates has a withholding obligation, if the payment is in cash the Company or the Affiliate, as applicable, shall withhold all applicable tax from any cash payable for the Units, or if payment is in shares of Stock of the Company, you shall deliver to the Company at the time of receipt such amount of money as the Company may require to meet its or its Affiliate's obligation under applicable tax laws or regulations, and if you fail to do so, the Company is authorized to withhold from any shares issued under this Agreement sufficient to satisfy the withholding obligation based on the last per share sales price of the Company's common stock for the trading day immediately preceding the date that the withholding obligation arises.

5. Employment Relationship. For purposes of this Agreement, the Employee shall be considered to be in the employment of the Company and its Affiliates as long as the Employee has an employment relationship with the Company and its Affiliates. The Committee shall determine any questions as to whether and when there has been a termination of such employment relationship, and the cause of such termination, under the Plan and the Committee's determination shall be final and binding on all persons.

6. Not an Employment Agreement. This Agreement is not an employment agreement, and no provision of this Agreement shall be construed or interpreted to create an employment relationship between the Employee and the Company and its Affiliates or guarantee the right to remain employed by the Company and its Affiliates for any specified term.

7. Notices. Any notice, instruction, authorization, request or demand required hereunder shall be in writing, and shall be delivered either by personal delivery, by telegram, telex, telecopy or similar facsimile means, by certified or registered mail, return receipt requested, or by courier or delivery service, addressed to the Company at the then current address of the Company's Principal Corporate Office, and to the Employee at the Employee's address indicated beneath the Employee's signature on the execution page of this Agreement, or at such other address and number as a party shall have previously designated by written notice given to the other party in the manner hereinabove set forth. Notices shall be deemed given when received, if sent by facsimile means (confirmation of such receipt by confirmed facsimile transmission being deemed receipt of communications sent by facsimile means); and when delivered (or upon the date of attempted delivery where delivery is refused), if hand-delivered, sent by express courier or delivery service, or sent by certified or registered mail, return receipt requested.

8. Amendment and Waiver. This Agreement may be amended, modified or superseded only by written instrument executed by the Company and the Employee. Only a written instrument executed and delivered by the party waiving compliance hereof shall make any waiver of the terms or conditions. Any waiver granted by the Company shall be effective only if executed and delivered by a duly authorized executive officer of the Company other than the Employee. The failure of any party at any time or times to require performance of any provisions hereof shall in no manner effect the right to enforce the same. No waiver by any party of any term or condition, or the breach of any term or condition contained in this Agreement, in one or more instances, shall be construed as a continuing waiver of any such condition or breach, a waiver of any other condition, or the breach of any other term or condition.

9. Governing Law and Severability. This Agreement shall be governed by the laws of the State of Texas, without regard to its conflicts of law provisions. The invalidity of any provision of this Agreement shall not affect any other provision of this Agreement, which shall remain in full force and effect.

10. Successors and Assigns. This Agreement shall bind, be enforceable by and inure to the benefit of the Company and its successors and assigns, and subject to Section 3(a), to the Employee, the Employee's permitted assigns, executors, administrators, agents, legal and personal representatives.

11. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original for all purposes but all of which taken together shall constitute but one and the same instrument.

12. Section 409A. This Agreement shall be construed and interpreted to be exempt from or to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and any regulations or other guidance promulgated thereunder ("Section 409A"). Neither the Company nor the members of the Committee shall be liable for any determination or action taken or made with respect to this Agreement or the Units granted thereunder.

13. Non-Transferability. Neither this Agreement nor the rights of Employee hereunder shall be transferable by the Employee during his or her life other than by will or pursuant to applicable laws of descent and distribution, subject to Section 3(a) herein. No rights or privileges of the Employee in connection herewith shall be transferred, assigned, pledged or hypothecated by Employee or by any other person in any way, whether by operation of law, or otherwise, and shall not be subject to execution, attachment, garnishment or similar process. In the event of any such occurrence, this Agreement shall automatically be terminated and shall thereafter be null and void.

14. Entire Agreement. The Plan and this Agreement contain the entire agreement between the parties with respect to the subject matter contained herein and may not be modified, except as provided herein or in the Plan or as it may be amended from time to time by a written document signed by each of the parties hereto. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained herein made prior to the execution of the Agreement shall be void and ineffective for all purposes.

15. Unsecured Promise to Pay. The Company's obligation under the Plan and this Agreement is an unsecured and unfunded promise to pay benefits that may be earned in the future. The Company shall have no obligation to set aside, earmark or invest any fund or money with which to pay its obligations under this Agreement. The Employee or any successor in interest shall be and remain a general creditor of the Company in the same manner as any other creditor having a general claim for matured and unpaid compensation.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by its duly authorized representative, and the Employee has executed this Agreement, all effective as of the date first above written.

HELIX ENERGY SOLUTIONS GROUP, INC.

By: /s/ Owen Kratz
Owen Kratz
President and Chief Executive Officer

EMPLOYEE:

Name:
Address:

PEER GROUP COMPANIES

Atwood Oceanics, Inc.
Diamond Offshore Drilling, Inc.
Forum Energy Technologies, Inc.
Frank's International N.V.
GulfMark Offshore, Inc.
Hornbeck Offshore Services, Inc.
McDermott International, Inc.
Oceaneering International, Inc.
Oil States International, Inc.
Rowan Companies plc
TETRA Technologies, Inc.
Tidewater Inc.

If any Peer Group company files for or is the subject of any bankruptcy, insolvency, or liquidation proceeding during the Performance Period, such Peer Group company will remain in the Peer Group positioned below the lowest performing member of the Peer Group in chronological order by bankruptcy, insolvency, or liquidation date.

If a Peer Group company's TSR shall cease to be available by reason of a business combination, acquisition, merger or similar transformative event, the Committee shall exclude that company from the Peer Group and select a substitute Peer Group company if required for the Peer Group to consist of 12 companies.

Once a company is removed from the Peer Group as described above, that company shall be treated as having been removed from the Peer Group for the entire Performance Period and the substitute Peer Group company shall be treated as included in the Peer Group for the entire Performance Period.